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financial professionals about the current and future states of major economic regions as well as their own company prospects. After declining for two quarters, net optimism ...

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better conditions in a year, up sharply from 45 percent last quarter.

CFOs' assessments of the European and Chinese economies showed marked improvement, with 35 percent of CFOs saying current conditions in Europe are good, up from 29 percent last quarter and well above the levels registered over the past five years — and 49 percent of CFOs saying current conditions in China are good, up from 32 percent last quarter and a new survey high. Forty-one percent of CFOs expect better conditions in China in a year, up sharply from 30 percent and another survey high.

“CFOs are entering 2018 on a very positive note — with many expressing optimism across a range of measures, from their assessments of their own companies' prospects and their expectations for key growth metrics, to their outlooks on global economies,” said [Sanford Cockrell III, national managing partner of the U.S. CFO Program, Deloitte LLP](#). “CFOs' strengthening assessments of the North American, European, and Chinese economies — as well as a survey-high 63 percent of CFOs indicating this is a good time to take greater risk — indicate that companies may now be steering more offensively toward growth.”

All four business outlook metrics, tracked by the survey for 31 consecutive quarters, remain strong. Revenue growth expectations declined from 5.7 percent to 4.7 percent, but remain above the two-year average of 4.4 percent. Earnings growth rose to 8.4 percent from 7.9 percent last quarter and remains above its two-year average. Capital investment growth fell for the third straight quarter, from 7.3 percent to 6.5 percent, still among its five-year highs. Finally, domestic hiring growth slid from 2.6 percent to 2 percent.

With regard to business focus for next year, the bias toward revenue growth over cost reduction tied for the survey high, but last quarter's shift toward new offerings and geographies reversed. About 61 percent of CFOs say they are biased toward revenue

growth, among the highest levels in survey history, and only 18 percent claim a bias

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2018. When asked about what trends and disruptors are most impacting their longer-term business strategy, better data analytics was the most cited factor overall and a top-three factor in all eight industries, with convergence/disruption close behind. Nearly 60 percent of CFOs expect new technologies will substantially affect their offerings and operations, and more than half say their business models will have a digital component. CFOs also expect a heavy focus on securing and retaining talent, and well over half say they will work to substitute technology for labor.

“It’s not surprising that new data and technologies are playing a large role in the evolution of companies’ business strategies,” commented Greg Dickinson, managing director, Deloitte LLP, who leads the North American CFO Signals survey. “What’s more surprising is how strongly CFOs are saying these advancements are affecting not only their products and services, but also their operations and decision-making — and how consistent this seems to be across all industries represented in the survey.”

As they have for the last several quarters, talent concerns again top CFOs’ list of internal risks, with specific mentions of worries about talent quality, retention, morale, succession and wage pressures.

“As we look into the future of our business, retaining our existing talent and recruiting a new generation of talent is a priority,” said Peggy Smyth, CFO, National Grid U.S. “We have taken several steps to ensure the National Grid finance team is well prepared for this, including building out a meaningful employee value proposition and exposing staff to different parts of the business to increase engagement. Building National Grid’s workforce of the future depends on trying new approaches, evolving internal culture, and providing all of our talent with career path development.”

CFOs were also asked about their role in their company's planning processes. CFOs

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In January 2018, Deloitte's CFO Program, which began in the United Kingdom, celebrates a decade of bold initiatives and insights. Today, 29 member firms have active CFO Programs, and 28 member firms across 60 countries have active CFO surveys. To see additional results from Deloitte's fourth-quarter 2017 CFO Signals survey, download a copy of the report at: <http://www.deloitte.com/us/cfosignals2017Q4>.

Each quarter, CFO Signals tracks the thinking and actions of CFOs representing many of North America's largest and most influential organizations. This report summarizes CFOs' opinions in four areas: business environment; company priorities and expectations; finance priorities; and CFOs' personal priorities.

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